M/001/027

NORTH AMERICAN EXPLORATION, INC.

GEOLOGY GEOPHYSICS GEOCHEMISTRY ENVIRONMENTAL SERVICES

July 2, 2001

Mr. D. Wayne Hedburg
Utah Department of Natural Resources
Division of Oil, Gas and Mining
Box 145801
Salt Lake City, Utah 84114

Dear Wayne:

Reference is made to your "Fourth Review of Intention to Commence Large Mining Operations", Basin Perlite Company, Pearl Queen Mine M/001/027, Beaver County, Utah. This Review was dated June 12, 2001.

This is a *Revision* of our current mine permit. We also met at your office June 29th with Mr. Tom Munson and Mr. Doug Jensen. Here is our reply to your comments, which is in the same format and refers to the appropriate. DOGM regulations. It replaces or takes precedence over our reply which was made on June 25, 2001.

We look forward to the speedy resolution of this complicated and lengthy permit process.

Sincerely,

O. Jay Gatten
Consultant for Basin Perlite Company

OJG/la

attachment

cc: Correspondence (no attach)
Project (w/attach)
W.R. Wilson (w/attach)

0027

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R647-4-111 - Reclamation Practices

111.3 Erosion and Sediment Control

The mine waste dump reaches the bottom of the drainage and does not extend outside the permitted mine area. We are requesting a revision of the mine plan to expand the mine permit boundary as per the attached map. This additional _____ acre area will allow us more room to put in the rock barrier in the bottom of the drainage and allow adequate slopes in the waste dump area for final reclamation. All slopes graded to stable configuration.

111.6

This situation is covered by our existing permit and will not be affected by the revision of the permit. This comment was addressed in our original permit process. We stated, "As regards the one ephemeral channel on the north end of the mine area, which PQP anticipates it will at least partially fill with overburden, PQP does not have any plans other than standard soil and re-seeding operations. This area is very arid, and PQP does not believe this will harm the area environmentally to simply leave some overburden in the channel. This will smooth the contour of the land somewhat, but PQP does not anticipate this to cause any lasting problem."

Final reclamation will include 2.5 horizontal to 1:0 vertical slopes in the mine and waste disposal area. We have committed to revegetate the area. We also agreed (111.3) to take steps to minimize erosion and contain waste rock dispersal to within the mine permit area.

111.8 All roads and pads reclaimed

We will not widen or realign the road to Pit No. 3 (Schoo Pit).

R647-4-112 - Variance

In our reply dated April 13, 2001 we requested a variance in the Schoo Pit area so that reclamation would be complete when 60% of the original vegetation cover has been restored. Our justifications included:

1. There is no soil of any extent present in the proposed mine area except for a small berm on the southern boundary of the permit area. This was verified by the USBLM site visit.

2. Current vegetative cover (naturally restored) is estimated at 40% of cover in adjacent areas.

3. The current site is completely unreclaimed and include a dangerous high wall about 60 feet high. Any reclamation would be a big improvement to the current situation.

July 2, 2001

Reply to Fourth Review of Notice of Intention to Revise Mining Operations, Basin Perlite Company, Pearl Queen Mine M/001/027, Beaver County Utah, Dated June 12, 2001.

Our replies are in the same format as DOGM comments and refer to the appropriate DOGM regulations.

R647-4-105 - Maps, Drawings & Photographs

105.3 Drawings or Cross Sections

In our judgement the back filling and reclamation of the pit areas, as shown on the cross sections, will "conform to adjacent topography to the extent practicable". Dozer work will insure that there will be no breaks in slope more than 2:1 in the pit area. Overburden and soil will be replaced as per requirements in the current mine permit. Waste rock and material from the mill and expander plant will be disposed in the pit and the current waste dump at the Pearl Queen Pit.

There is a berm that has been dozed to the southern portion of the Pit No.3 area. The berm consists of perlite rubble and some soil. It is small, probably no more than 10 feet in width and is not continuous. Our plan is to not disturb this narrow berm during this phase of mining and use material in the final reclamation of the mine site.

R647-4-106 - Existing Soil Types, Location and Amount

106.5 Existing soil types, location, amount.

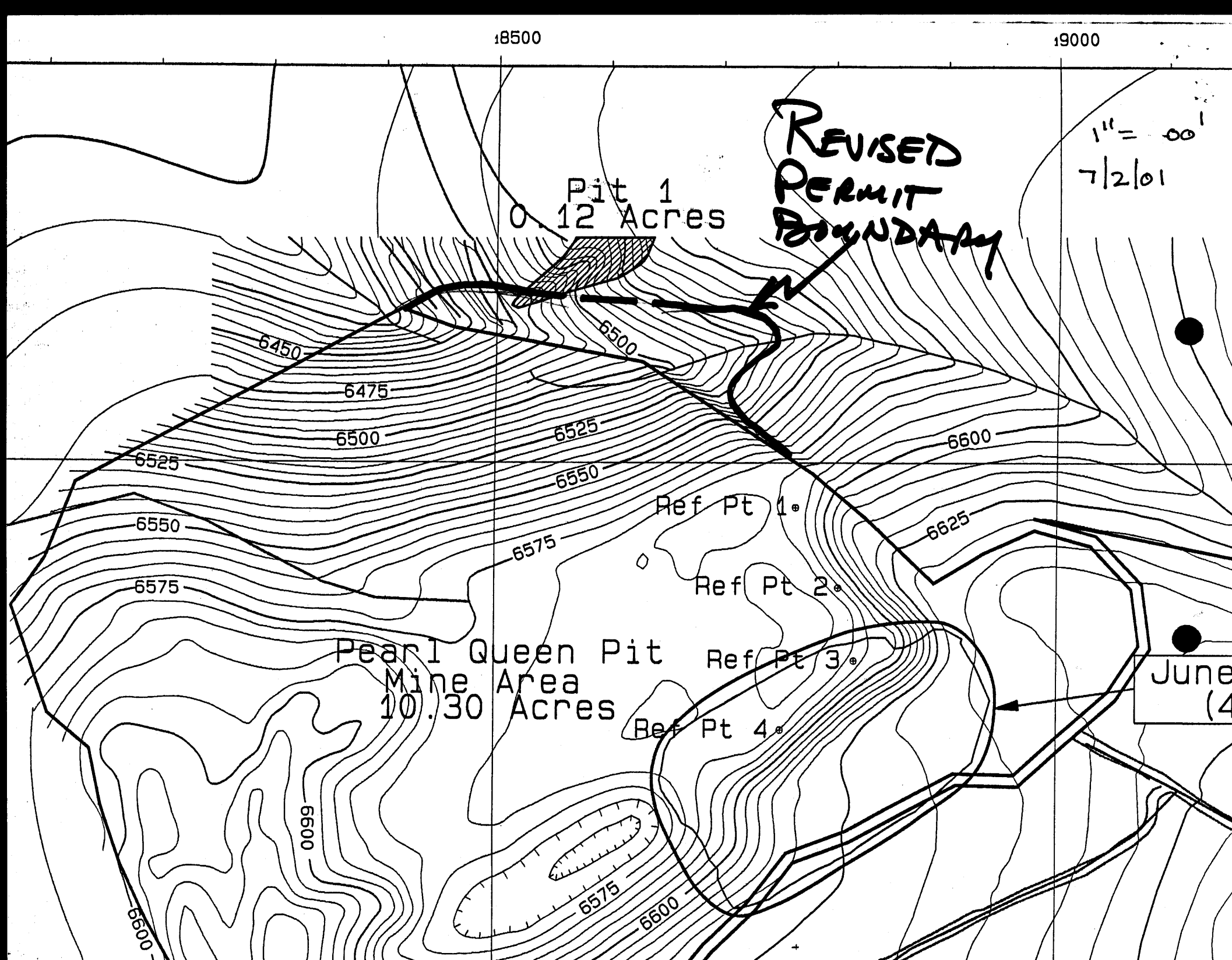
The rubble, rock, and soil berm that has been dozed off Pit No. 3 (Schoo Pit), and that remains on the proposed mine area is small. The berm is no more than 400 feet long, a maximum of 10 feet wide, perhaps 5 feet high and is discontinuous. We estimate that no more than 500 tons of such material is present. We did not submit a soil sample from Pit No.3 because there is no soil in place. In April we requested that the 96-1 sample be used. The bedrock geology and soil types are the same at both sites and the soil sample site is only about 1500 feet away from Pit No.3. May we use this analysis to represent the Pit No. 3 area? (Attached).

R647-4-110 Reclamation Plan

110.5 Revegetation Planting Program

We acknowledge your recommendation that 5 tons of composted manure/acre be applied to areas to be reclaimed:

4. We will spread available soil and rubble from the small berm before final reclamation, but will not borrow additional soil from the other areas for reclamation. We request a variation in vegetation cover to be 70% of the 40% existing cover, or about 30%.


18500
19000
REVISED
PERMIT
BOUNDARY
1" = 00'
7/2/01
Pit 1
0.12 Acres
6450
6475
6500
6525
6550
6575
6600
6625
Ref Pt 1
Ref Pt 2
Ref Pt 3
Ref Pt 4
Pearl Queen Pit
Mine Area
10.30 Acres
June
(4

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12 APRIL 2001

O JAY GATTEN
NORTH AMERICAN EXPLORATION
472 NORTH MAIN STREET
KAYSVILLE UT 84037-1173

SOIL SAMPLE RECEIVED: 03/28/01

				---NaHCO3-extract---			Organic		----------Hydrometer----------			
USU #	IDENT	pH	EC	P	K	NO3-N	Matter	CEC	Sand	Silt	Clay	Texture
			dS/m	mg/kg	mg/kg	mg/kg	---%---	meq/100 g	---%---	---%---	---%---	
1283	PQM1	7.5	1	22	220	10.6	3.3	27.7	39	38	23	Loam